

FEDERAL STIMULUS FAQs (AMERICAN RECOVERY AND REINVESTMENT ACT) For City Employees

American Recovery and Reinvestment Act Overview

On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act (Recovery Act) to stimulate the faltering economy and specifically to create or save 3.5 million jobs over the next two years. This large and complex \$787 billion stimulus package provides \$288 billion in tax relief, \$144 billion in state and local fiscal relief, and \$355 billion for federal social and spending programs.

What the Recovery Act means for San José – FAQ's

Can the Recovery Act funds that are allocated to San José be used to address the City's budget deficit?

The Recovery Act provides short-term funding on a reimbursable basis, for very specific programs and projects that are intended to stimulate the economy. These projects will strengthen many City programs such as Airport, Environmental Services, Housing, and Transportation, and will create short term job growth. The Recovery Act funds will not, however, be able to address budget shortfalls in existing City budgets or support ongoing operating expenses although every effort will be made to advance projects that do result in some long term operational cost savings and help the General Fund deficit.

Do the proposed Capital and Operating Budgets reflect the receipt of Recovery Act funds?

Anticipated Recovery Act funds are not included in the proposed Capital or Operating Budgets. A Manager's Budget Addendum (MBA) will be issued in May to provide an update on any Recovery Act funds received or anticipated to be received in the near term.

Can Recovery Act funds allocated to San José be used to prevent employee layoffs?

While we anticipate using a portion of the Recovery Act funds received to support staff costs associated with project implementation, the addition of these funds will not be able to prevent upcoming employee layoffs. Unfortunately, the City's financial situation this year and next year remains impacted by the severe economic recession that has lowered City revenues significantly and Recovery Act funding will not be able to substantially offset this.

How can I find out how much Recovery Act money is coming to the City of San José?

Until all the funding is distributed by the Federal government to states and local governments, we won't be able to determine the exact amount of funding coming to San José. Funds will be distributed through a combination of formula and competitive allocations, with varying allocation timelines between funding programs. As additional funding information is received, the City's website will be continually updated to reflect the most current Recovery Act allocations to the City.

How does the City plan on utilizing Recovery Act funds?

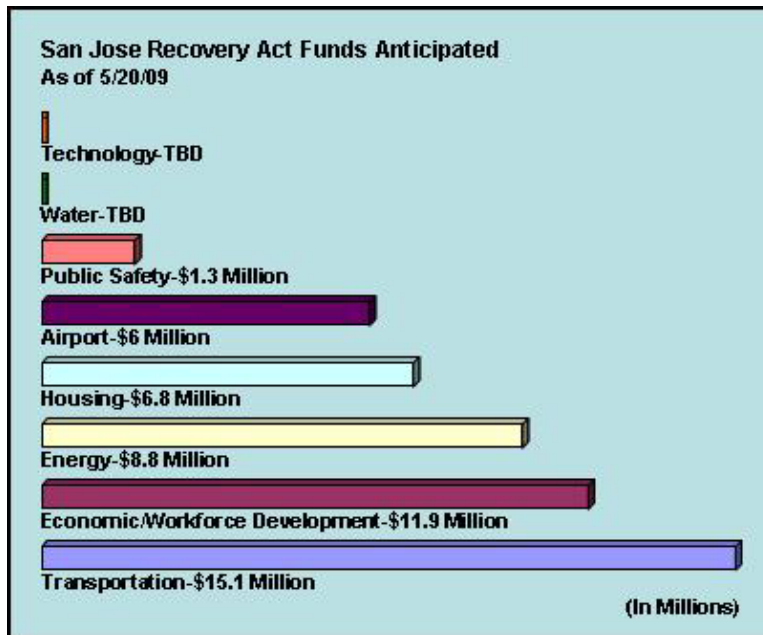
The City has identified a variety of projects that will be submitted for Recovery Act funding consideration. These projects are ready to go, will generate significant economic benefit in the short term and will advance San José's strategic goals for economic and environmental leadership. These projects span a wide range of areas such as repaving City streets, making energy efficiency improvements to City facilities, and providing affordable housing. While it is unlikely we will receive Recovery Act funding for all of our identified projects, the City is well positioned to utilize the funding to maximize benefits to the community, create jobs, and promote environmental sustainability.

For more information on the City's efforts related to the Recovery Act, please access the City's internet site at: www.sanjoseca.gov/recoveryact

The City is committed to ensuring transparency and accountability in our use of Recovery Act funds. Concerns can be raised using the Whistleblower Hotline at: www.csj.gov/oer/fraudaudit.asp

San José Allocation and Benefits

The City anticipates receiving a substantial amount of funding through the formula allocation grants and is also looking to apply for discretionary grants. To date, it is anticipated that the City will receive approximately \$50 million through formula allocation as shown below.



Funding Program	Benefits to San Jose
Technology	Expand broadband technology to libraries and community centers.
Water	Expand the use of recycled water throughout the City and provide for clean drinking water.
Public Safety	Hire new police officers, purchase officer safety equipment and crime fighting technology and improve fire stations.
Airport	Provide baggage screening system, runway improvements, and airport facility improvements.
Housing	Create affordable housing opportunities and prevent homelessness.
Energy	Implement energy efficiency improvements on city facilities and residential buildings.
Economic/Workforce	Provide employment and training services to youth and adult individuals.
Transportation	Resurface streets, expand Diridon Station, extend BART to Silicon Valley and construct High Speed Rail.

Specific examples of Recovery Act projects

Energy - \$8.8 Million

LED Streetlight Conversions - A portion of the estimated \$8.8 million in Energy Efficiency and Conservation Block formula grants is proposed to be used to replace low pressure sodium streetlights with energy-efficient/programmable LED lights. LED conversions will result in improved color rendition, minimize or reduce hazardous waste disposal of its lamps and result in annual savings of approximately \$80 per lamp on O&M costs that are currently funded by the General Fund. The lowered energy requirements of the LED lights create the potential for the City to power its lights entirely with renewable energy – a San José Green Vision goal, to be achieved by 2022. Installation of the new lights will be performed by City staff in the Department of Transportation.

Energy Efficiency Improvements in City Facilities – Another area of investment for the Energy Efficiency and Conservation Block formula grant funding is energy efficiency improvements in City facilities. These funds will allow for the installation of cost-effective energy efficiency measures such as HVAC and lighting, which generate high energy costs and have been identified for priority retrofits. City staff will be involved at various stages of project implementation, from the planning process to actual implementation of projects. These improvements will also result in annual General Fund savings which will help reduce the City's structural deficit.

Transportation - \$15.1 Million

Pavement Maintenance – \$15.1 million in Recovery Act funding, along with approximately \$375,000 of local and other state funding, is anticipated to resurface approximately 19 miles of some of the worst arterial roads in the City. This will not only reduce the City's \$283 million pavement maintenance backlog, but will also avoid maintenance costs up to four times higher if the conditions were further allowed to deteriorate. Design and construction support for the project will be provided by City staff, with the heavy construction activity to be bid out. The aggressive timeframe, project scope, and the need for specialized and expensive equipment, made contracting out for construction work the feasible option. In addition, contracting out this work will allow the in-house pavement crews to surface seal 88 miles of residential streets throughout the City in 2009. Work on the Recovery Act project is anticipated to start in late July 2009.